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SUBJECT: ARGENTINA: INPUT FOR LABOR SECRETARY SOLIS MEETING IN  
GENEVA WITH ARGENTINE PRESIDENT FERNANDEZ DE KIRCHNER

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12. (SBU) Summary and Introduction: Labor Secretary Solis' upcoming  
June 15 meeting with Argentine President Cristina Fernandez de  
Kirchner (CFK) represents an opportunity to assure the Argentine  
government (GOA) that we value the bilateral relationship and that  
we hope to intensify bilateral and regional cooperation to turn  
around the global crisis and work together to build hemispheric  
prosperity and security. Post offers the following overview (paras  
3-7) and talking points (paras 8-13) to assist the Department of  
Labor's preparations for the upcoming meeting which will take place  
on the margins of the International Labor Organization (ILO) Summit  
on the Global Jobs Crisis in Geneva, Switzerland. End Summary and  
Introduction.

#### Political Overview

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13. (SBU) President Cristina Fernandez de Kirchner (CFK) continues to  
face an uphill battle with the Argentine public and international  
financial markets in the face of a cooling Argentine economy,  
continued strife with the popular farming sector, and increasing  
public concerns over crime and security. Mid-term congressional  
elections are June 28 and CFK's husband, former President Nestor  
Kirchner is a candidate. The election is seen by many as a vote of  
confidence in the Kirchner administration, and the Kirchners will  
likely lose control over the lower house of Congress. CFK is avidly  
seeking to associate herself with President Obama, who is highly  
popular in Argentina, and the GOA has repeatedly requested a  
bilateral meeting between the heads of state. She may be interested  
in gauging U.S. support for her proposal to have the G-20 give a  
seat to the International Labor Organization. Your meeting with CFK  
represents an opportunity to assure the GOA that we are committed to  
strengthening the bilateral relationship and that we hope to  
intensify cooperation to turn around the global crisis and work  
together to build hemispheric prosperity and security.

#### Labor Overview

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14. (SBU) CFK is the latest member of the Justicialist (Peronist)  
party to rule Argentina. Peronism is a labor-based movement that  
has given labor unions more power and negotiating leverage in  
Argentina than they enjoy in perhaps any other Latin American  
country. This has entailed costs as well -- Argentina's inflexible  
labor regulations hinder employment creation and productivity  
growth. Despite some government efforts to reform labor  
regulations, barriers to flexibility linger in the form of non-wage  
costs. The non-salary cost of employing a worker is high, and  
dismissing a redundant employee can be costly.

¶5. (SBU) Argentina's population is more than 40 million, with more than 16.27 million in the labor force (76% of the labor force is currently employed in the services sector; 23% in industry, and 1% in agriculture). In late 2008, the government raised the monthly national minimum wage to 1,240 pesos (US\$335). Most workers in the formal sector earned significantly more than the minimum wage. The maximum workday is eight hours, and the maximum workweek is 48 hours. According to the Ministry of Labor, approximately 40 percent of the urban workforce is employed in the informal sector. The Ministry of Labor, which is responsible for enforcing legislation related to working conditions, increased inspections to get companies to register their informal workers.

¶6. (SBU) According to official GoA statistics, poverty levels continued to fall in the second half of 2008, reaching 15.3% of the urban Argentine population (with extreme poverty declining to 4.4%). However, doubts about the validity of Argentina's official statistics have led many analysts and social activists to question official poverty figures. A number of private analysts calculate poverty above 30%. They argue that the GoA's deliberate underestimation of the level of poverty allows it to claim that it has doubled social spending for the poor and reduced poverty, when in fact per capita social spending has declined in real terms and poverty appears to be rising after a few years of decline earlier in the decade.

¶7. (SBU) The ILO reports that Argentina currently has more than 2,800 trade union organizations. An estimated 35 percent of the workforce is organized in unions, and approximately 75 percent of the formal sector workforce is covered by collective bargaining agreements. The largest national union organization is the General Confederation of Workers (CGT), which accounts for about 80% of

unionized workers. The CGT's secretary general, Hugo Moyano is closely aligned with Cristina Fernandez de Kirchner, and is a Vice President of the Peronist Party. The next largest union organization is the Central of Argentine Workers (CTA), although it does not have full legal standing on par with the CGT. Both organizations are active participants in the ILO.

#### Suggested Talking Points

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¶8. (SBU) Enhanced Cooperation: Argentina is playing an important role on a number of issues that are important to the Obama administration, including job creation, poverty alleviation, and social inclusion. President Obama looks forward to deepening the dialogue between our two governments and working in partnership in these and other areas of common interest.

¶9. (SBU) Economic Crisis: How has the global economic crisis affected Argentina? What measures have your government taken to lessen the impact on Argentine workers and the most vulnerable?

¶10. (SBU) USG Labor Cooperation: We have been pleased to work with the Ministry of Labor to share U.S. corporations' best practices on corporate social responsibility and organize annual digital video conferences on with the Federal Mediation and Conciliation Service on labor conflict resolution and prevention. And we are looking forward to working with your government through the OAS Inter-American Network for Labor Administration on the issue of youth employment programs, targeting the most vulnerable youth.

¶11. (SBU) Forced/Child Labor: Forced and child labor is a problem that all countries face, including the United States, and we must work together to eradicate it. The Argentine Ministry of Labor's initiative to develop a Corporate Network for the Eradication of Child Labor as well as its joint program with the Ministry of Education to provide scholarships to reintegrate children who have dropped out of school to work are both excellent practices. What can we do to assist these noteworthy efforts?

¶12. (SBU) IF RAISED: DOL Research Grant to Verite on Forced/Child labor: I understand your concerns. The Department of Labor conducts research and commissions studies all over the world to inform and formulate international economic, trade and labor policies in collaboration with other U.S. government agencies.

Argentina was selected for inclusion in this particular research study because of recent news reports from the Argentine press about forced labor, particularly in the garment industry. Research helps the international community identify problem areas, develop programs, and adopt policies to better address the issue.

Background: The Argentine government is extremely sensitive to any public reporting that may be construed as criticism. In May, the Argentine Embassy met with State Department officials to protest USDOL's decision to award a \$1.25 million grant to Verite, a non-profit non-governmental organization, to research forced labor in eight countries: Argentina, Bangladesh, Bolivia, China, the Dominican Republic, Indonesia, Liberia, and the Philippines. Department officials informed them that the report was for research purposes only and not an accusation that forced labor is a problem in Argentina.

¶13. (SBU) IF RAISED: Meeting with President Obama: I will pass on your interest in meeting with President Obama to the White House. It may take time, given the numerous challenges the President currently faces. However, he has expressed a strong interest in working closely with our partners in the hemisphere, and we very much value our partnership with Argentina.

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